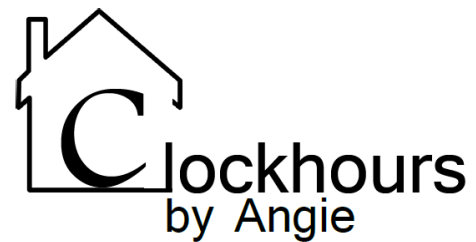




# THE SIGNING APPOINTMENT AND ALL THOSE DOCUMENTS!



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*A Washington State Approved Real Estate School for Clock Hour Education under R.C.W. 18.85.*

# CORRESPONDENCE CLOCKHOURS

## INSTRUCTIONS:

1. Print out the class.
2. Read the class material.
3. At the end of the material there is a quiz (all the answers are in the material that you have read).
4. Answer the questions.
5. Return to me the Quiz, evaluation and a check for the class payable to **CLOCKHOURS BY ANGIE**, or complete your credit/debit card information on the sheet provided
6. Upon receipt, I will email you a certificate.

Disclaimer: I try very hard to have the latest known information on a subject in these classes, but, the real estate industry is forever changing with new updates all the time. The class materials are not to be used for legal advice. In our State, some items are handled different in the different regions. If you have any concerns, please do not hesitate to contact me at 509-216-3220 or at [clockhoursbyangie@gmail.com](mailto:clockhoursbyangie@gmail.com)

## **COURSE OBJECTIVE:**

The students of this class will have a better understanding of the documents that their clients have to execute at the signing appointment. A deeper look at each of the documents and what they say.....emphasizing on some of the cautionary words in those documents.

## CURRICULUM

<b>Session/Hours</b>	<b>Topics</b>	<b>Method of instruction</b>
30 minutes	Who can close in Washington State Acceptable Identification What is a sub-escrow	Read material/discussion
30 minutes	Seller's documents	Read material/discussion
60 minutes	Purchaser's documents	Read material/discussion
30 minutes	Additional documents FHA, VA, Conventional	Read material/discussion
30 minutes	Documents the closer must sign And return to lender	Read material/discussion

# Who can “close” in Washington State?

1. Attorneys
2. Title Companies (with LPO’s)
3. Independents (who would have two licenses) An Escrow Officer’s License from State of Washington, Department of Financial Institutions (DFI) and a Limited Practice Officer’s License (LPO) from Washington State Bar Association
4. Real Estate Brokers (yes, RCW 18:85 allows this)



Washington State is the only state in the United States that has a license called a **LIMITED PRACTICE OFFICER’S LICENSE (LPO)**, issued by the Administrator for the Courts, Washington State Bar Association. This limited license gives an individual the right to prepare certain closing documents that are on an “approved list” of documents, and perform routine closing functions under the rules approved.

**As of March 2020, there were 3,349 licenses issued by the Washington State Bar Association of which only 669 are Active at this time.**

# THE CLOSING DOCUMENTS ARE READY FOR SIGNING!

The following are various ways that can be accomplished:

- An appointment is made at the office of the person who is the closer that is designated on the Purchase and Sale agreement.

(Seller or Purchaser is out of town and can sign in various ways too)

- Documents can be overnighted directly to the party who will be instructed where to sign and/or initial and date. And, the most important thing would be which documents need to be signed in front of a notary. Typically the seller or purchaser would arrange with their bank or someone they know to notarize their signatures and then overnight the documents back to the closer. Timing is everything with this method.
- Seller or Purchaser would like the closer to arrange to have what is known in this industry a “mobile notary” book an appointment with them. It does cost the client money. Typically, the price is \$125.00 - \$250.00, depending on the rate schedule of the individual or their company’s rates. The closer will coordinate this signing with a mobile notary in the area or another title company. Documents are then either emailed to that company or overnighted, whichever works best for them. They will then sign the client and then overnight the documents back to the closer.

## WHAT IS A SUB ESCROW?

Typically, a sub-escrow is required when a lender requires a \* *CLOSING PROTECTION LETTER* (CPL). To insure the lender as to the matters in the CPL, the title company requires the sub-escrow to be completed. In most instances, if a CPL is not required by the lender, there is no need for a sub-escrow. Occasionally, a lender requires sending the funds to a title company only. In this instance, the sub-escrow would be the lender requirement. The sub-escrow requirement in the above instance applies whenever the title company and the escrow company are not the same, whether they are an independent escrow company, an attorney, or a different title company's escrow department. When the same company is used for title and escrow there is no need for a sub-escrow.

In a sub-escrow, the lender will wire the loan proceeds to the title company who writes the CPL. The title company will pay all the liens of record (deeds of trust, taxes, assessment and any other) to guarantee the lender that their new deed of trust will be in first position. The balance of loan proceeds is then wired to the escrow company, who will complete the disbursements.

\*CPL: A closing protection letter is an agreement from a title insurance company to a lender that indemnifies the lender against any issues arising from a closing agent's errors, fraud or negligence. For instance, if a closing agent misappropriates loan funds, the title insurance company agrees to make any necessary financial remediation. That is the reason a sub-escrow would be required by the lender.

## **Seller's appointment**

The closer will contact the real estate listing agent to coordinate the seller's signing appointment or will contact the seller directly to line up the appointment, whatever the instructions of the agent are. The seller's appointment usually lasts between 15-20 minutes, depending on the questions and the review of the documents by the sellers.

## **Acceptable Identification**

The sellers must bring acceptable valid picture ID to the closing and the closer will need to take a copy of the ID to keep in the closing file so they are able to notarize their signatures. The following is State of Washington's acceptable ID:

### **WAC 308-30-155**

#### ***Satisfactory evidence of identity.***

*Satisfactory evidence of an individual identity shall be based on one of the following:*

- 1. Current documents issued by a federal, state, or tribal government with the individual's photograph, signature, and physical description.*
- 2. An unexpired passport with the individual's photograph and signature issued by either:
  - (a) The U.S. Department of State; or*
  - (b) A foreign government which is recognized by the U.S. Department of State.**
- 3. The oath or affirmation of a credible person who personally knows the individual.*



## REVIEW OF COMMON DOCUMENTS SIGNED BY SELLER:

- **All terms and conditions:** This form merely says that all terms and conditions have been met. There are no “side agreements” or “verbal” agreements at this time.
- **Closing Statement or Settlement Statement** This is a one-page document that lists the debits and credits and the bottom line shows what the seller’s net proceeds will be. Some closers like to use this document as it is very easy to read for the clients. It is NOT a required form, so you may not see it at all. At the bottom of this form is a paragraph that closers have to refer to many times when there is an amount to add or prorate after closing:

*“This statement is based on information available to the escrow holder as of the date this statement was prepared and the closing date shown above. Actual amounts may change and/or vary depending on updated information received and the final closing date.”*

- **Closing Disclosure (or HUD-1 if a CD is not the required form based on type of loan the purchasers are obtaining, if any):** The sellers CD or HUD-1 is generated by the closer. The Purchaser’s is generated by the lender. The amounts listed as debits and credits on the Closing Statement above, will be identical, but have certain lines they must be on.
- **Lender’s Alta Settlement statement:** This duplicates the above two documents, but some lenders require it to be signed at closing, so it could be a habit of your closer to just use it, in case that particular lender needs it.
- **Addendum to Closing Disclosure:** This document is used if there is a Closing Disclosure. The seller has to sign a statement that says:

*“I have carefully reviewed the Closing Disclosure and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further confirm that I have received a copy of the Closing Disclosure.”*

- **Statutory Warranty Deed:** This document is margin sensitive. When the seller signs this document the closer will be sure to point out that the signature cannot go in the 1” margin on any of the three sides or the required 3” margin at the top.

This is because when that document goes to the Courthouse to be recorded in the recorder's office it fits in a "template" for recording purposes and if anything is in the required blank margins, they reject it and it does not record. They then ask for either a new deed signed AGAIN by the seller or authorization to put a cover page on the document but that costs an additional \$50.00; the deed is the document that conveys the seller's interest to the new purchasers. The closer will be sure to have the purchaser acknowledge a copy of this document to be sure they have the purchaser's name spelled correctly as this is how it will be entered in the county records.

- **Excise tax affidavit:** This document sets out many important items for the County records. There are eight sections that must all be completed.
  - 1) **Seller or Grantor information:** It must be completed with names as appearing on the deed, address and phone number.
  - 2) **Buyer or Grantee information:** It must be completed with names as appearing on the deed also, address and phone number.
  - 3) **Send all property tax correspondence to:** If the tax statement is to go to the buyer then you check the box that says "*send all property tax correspondence to same as Buyer/Grantee*". If there is someone else who will need the tax statement to pay on behalf of the Buyer/Grantee, this is where you would put their name and address usually a lender or account servicer.

Also under # 3 in the middle covers where to put the parcel number(s) and to check a box if personal property. **(NOTE: I did not even know it said to check the box if personal property until I dissected this form for this class and I have been doing closings for over 45 years!)** And the third item under #3 is list assessed value.

- 4) Street address of property, then a box to check if the listed parcel is being segregated from another parcel or are part of a boundary line adjustment or parcels being merged. Then the legal is inserted. It must be identical to the legal placed on the warranty deed.
- 5) Select Land Use Code - this is a drop down of all the various land use codes that the closer must choose based on the property type and insert that number. If the seller was receiving a property tax exemption or deferral under RCW 84.36, 84.37 or 84.38 (nonprofit organization, sr. citizen, disabled person or homeowner with limited income)? The closer would need to check yes or no.

- 6) This box has to do with Current Use Taxes. There are three questions that must be answered and if any of the three have a “yes” then the owner must sign and a continuance must be applied for – if approved, then the Deputy Assessor signs and dates. Typically, in a residential sale, the closer would check “no” in all the boxes.
- 7) This is a “loaded” box:
  - a) List all personal property (tangible and intangible) included in selling price.
  - b) If claiming an exemption, list WAC number and reason for exemption.
  - c) Type of document
  - d) Date of document
  - e) Gross selling price
  - f) Now the computations of what the excise tax is and who gets the money:
    - i. Excise tax: State - 1.28 % of the sales price goes to the State
    - ii. Excise tax: Local - .50% of the sales price goes to the County of Spokane, but there is a tax sheet published by the State listing each of the counties rates.
    - iii. Delinquent interest, if any
    - iv. State Technology Fee \$5.00
- 8) Signature of Grantor/Grantors agent and signature of Grantee or Grantees agent with the bold caption above the signature line at says:

*“I certify under penalty of perjury that the foregoing is true and correct”*

Then, under that, it explains what the word “perjury” means:

*“Perjury: Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by a fine in the amount fixed by the court of not more than five thousand dollars (\$5,000.00), or by both imprisonment and fine. RCW 9A20.020 (1C)*

- **Utility holdback agreement:** This document will set out how much the closer has decided to hold back from the seller in order to pay any lienable utility charges due at closing. Typically, prior to closing, the assistant will call the creditor on this bill to see if there are any delinquencies on the account. If there are, the closer will obtain this amount, plus ask what the creditor feels could be the estimated amount for the reading to the closing date. Once this combined figure is determined, the closer will hold back an amount that exceeds this amount so they would have enough to pay final bill. The closer’s job is to see that this is paid and in no way

will interrupt services for the purchaser if enough is not held back. Excess amounts are held back in certain months based on use.

- **Notice regarding closing services (APR12):** If your closer is a Limited Practice Officer, this document is required. It set out who your LPO is and the number that he/she was assigned when he/she became an LPO from the Washington State Bar Association. It also states that the LPO cannot give legal advice and must refer you to an attorney. It will list the actual documents the LPO will prepare in conjunction with this transaction. Those documents come from the LPO approved document list.
- **Certification of reporting - IRS 1099 reporting form:** This document will need to have the seller insert their current mailing address and insert their Taxpayer Identification Number (TIN). Next will be to check whether this is their primary residence or not; if they check “no” then all they will need to do at this point is sign and date. Based on that information, the closer will need to send 1099-S Proceeds from a Real Estate Transaction to the Internal Revenue Service Center. If the seller checks “yes” and answers “true or N/A on 6” then the 1099-S is not required to be reported. They would sign and date.
- **Seller’s Certification of Nonforeign Status (FIRPTA):** The seller will state whether they are foreign citizens or not. Normally, if they are “Nonforeign status sellers” the closer would know this ahead of time as there are documents that need to be prepared. Many closers depend on an outside source such as an attorney to handle this portion of determining how much to hold back and when to remit the funds to the IRS. Many people do not understand that the IRS looks to the buyer for withholding and payment thereof. The form states:

*“Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person.”*

- **Closing Instructions:** This is the document that is sent to the seller at the open of escrow and if the seller did not sign and return it, then they are now signed. They give a description of the services and what each of them means.
- **Disbursement of proceeds directions:** The seller checks what means they choose to have their proceeds to them: The choices are:

1. Wired into the seller's bank account - we would need to know the account number and the bank routing number- a fee may apply from the bank for this service.
2. Seller will pick up our trust account check from the closers office;
3. Deposited into an account in which the seller gives us a deposit slip. The closers office will have a courier do this, then the closer mails the receipt to the seller.
4. Mailed directly to the seller.

This document **MUST** be signed, dated and **NOTARIZED**.



## ADDITIONAL DOCUMENTS TO BE SIGNED BY A SELLER BASED ON THE TYPE OF LOAN THE PURCHASER OBTAINS

### VA:

- **VA Amendment to Sales Contract:**

*“It is expressly agreed that, notwithstanding any other provision of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the property described herein, if the contract purchase price or cost exceeds the reasonable value of the property established by the Department of Veterans Affairs. The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of reasonable value established by the Department of Veterans Affairs.”*

Then, the form has the signature lines for both purchaser and seller and below it says this:

*“The purchase agreement must include, or is amended to include, the above statement if the purchase agreement was signed by the Veteran/Applicant prior to having his/her receiving notice of reasonable value of the subject property”*

### FHA:

- **Broker/Agent Certification in an FHA-Insured Loan Transaction:** This form is to be signed by the purchaser, seller, listing agent and selling agent. It is usually the one document that the closer will email to the agents if they were not available for signature at the signing appointment. And, when the closer has a rush, same-day signing/ funding, he/she needs to be proactive on this one to arrange to get that signature in time to not delay recording/funding. This document states:

*“I certify that the terms and conditions of the sales contract dated \_\_\_\_\_ are true to my best knowledge and belief and that any other agreement entered into between me and the (buyer) and (seller) and (seller’s agent/broker), in connection with the real estate transaction is part of, or attached to, the sales agreement.”*

- **FHA Amendatory Clause:** This document inserts in the blank line the appraised value of the property. It needs to be signed by buyer, seller, listing agent and selling agent. The clause says:

*“I, the undersigned, hereby certify that I did not receive a copy of Form HUD-92800.5B, Conditional Commitment/DE Statement of Appraised Value, prior to my signing the sales contract to purchase the property. The sales contract is hereby amended to contain the following provisions:*

*It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein, or to insure any penalty by forfeiture of earnest money deposits or otherwise, unless the purchaser has been given, in accordance with HUD/FHA or VA requirements, a written statement by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement lender setting forth the appraised value of the property of not less than \$\_\_\_\_\_ . The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable*

Then, all parties sign this document. After the signature is the warning:

*“WARNING: Section 1010 of title 18, U.S.C. provides: ‘whoever for purposes of.....influencing such Administration.....makes, passes, utters, or publishes any statement, knowing the same to be false.....shall be fined not more than \$5,000.00or imprisoned not more than two years or both.’”*

## **SCHEDULE OF APPOINTMENT WITH PURCHASERS**

If the purchasers are obtaining a loan their closing appointment is usually 45-60 minutes, once again depending on the time they need to read and sign (and understand) the documents. The number of documents placed in front of them is usually intimidating in size, but there are only 3 things that the purchasers are interested in and they are normally addressed up front to make the process seem less intimidating:

1. Amount of money to close
2. Interest rate
3. Payment amount

*These are all things that the purchaser should be aware of as they would have received a copy of the Closing Disclosure at least 3 days prior to the signing appointment and must acknowledge receipt of it to the lender to start the 3 days. This is a Federal Rule.*

When I was obtaining the information for this class, I asked one of our closers to download for me loan docs for FHA, VA, CONVENTIONAL, HOMEPATH, and was surprised on the “count” of the documents. Now, bear in mind every lender has the “common” documents that must be part of the transaction, and then they have their “lender required” documents. Here is the paper count on the 4 I had her print out for me:

1. FHA 83 pages
2. VA 110 pages
3. Conv 69 pages
4. Conv w/ a 2<sup>nd</sup> 108 pages



So, with that said, the following is a list of a combination of the “commonly used” but not by all lenders, purchaser’s documents.

1. **All Terms and Conditions** – same as seller’s
2. **Review of preliminary title:** Normally, at the signing appointment when we place this document in front of the purchaser and say “this is a copy of the title report your agent would have sent you in the first week of entering into the PSA contract. Did you get a chance to look at this? And if so, do you have any questions?” I would say that about 90% of the purchasers say yes they read it and understand it. And, then, they will just sign the acknowledgment of receiving it. The other 10% say they did not look at it or they attempted to and didn’t understand it. Then the closer will review the report with them letting know what exceptions will stay and which ones will be removed when they receive their final title report, typically a couple of weeks after recording.
3. **Closing Statement** – same as seller’s but instead it has the purchaser’s debits and credits
4. **Closing Disclosure (or HUD-1 if a CD is not the required form based on the type of loan):** This document is 4-6 pages. It is a lender generated form. The lender completes this form and emails it to the closer for review to add or change amounts to be exact if the lender used estimates. Closer emails the CD back to lender and lender reviews and approves. Lender then updates their original and remits it by email back to closer who will obtain signatures on this form. Since the CFPB (Consumer Financial Protection Bureau) took over on 10/3/15 and we have since been blessed with the Closing Disclosure, we really do have a better informed consumer. It is because of this form. The purchaser must receive a copy of this form 3 days prior to their signing appointment. So, at closing, they are merely signing an exact copy of the one they saw 3 days ago. I always start my signing appointment with this document for the purchaser and say, you should have seen this document at least 3 days ago. If they took the time to review it, then they will know just about everything about their loan!
5. **Alta settlement statement** – same as seller’s description
6. **Real Estate Excise Tax Affidavit** – same as seller’s description.
7. **Copy of Statutory Warranty Deed** – purchaser will read the deed where their name has been inserted as the grantees to be sure their names are spelled correctly and review the exceptions that will remain on the property. This document just needs to be initialed

There is one exception on the initial. If the purchasers are taking title as **Joint Tenancy with Right of Survivorship**, the purchasers will have to sign the front page of the original deed that says this above their signature line:

*“The grantees by signing the acceptance below, evidence their intention to acquire said premises as joint tenants with the right of survivorship and not as community property or as tenants in common.”*

8. **Notice Regarding Closing Services (APR 12)** same as seller’s description
9. **Closing Agreement and Escrow Instructions for Purchase and Sale Transactions** – Same explanation as sellers.
10. **Supplement to Closing Agreement** – Same as sellers description, EXCEPT in the event the purchasers are receiving money back at time of funding, then we would need to know how do they want to receive it – same choices as the sellers.
11. **Uniform Residential Loan Application** (commonly referred to as 1003) This is a duplicate of the original loan application the purchaser completed with the lender when they first applied for the loan.
12. **Promissory note:** This document will set out the loan amount, the interest rate, the length of time of the note and the principal and interest portion of the payment. Also, included is the late charge terminology. Whether it is an FHA, VA or Conventional promissory note, the language is pretty much the same. The VA note has a heading that states:

*“Notice: This loan is not assumable without the approval of the Department of Veterans Affairs or its authorized agent.”*

13. **Deed of trust:** This is a margin sensitive document. When it is sent to the recorder’s office to be recorded it must go into a template and there cannot be any writing in the 3” at the top of the page, or anything in the 1” margin on the two sides or the bottom. So, when the purchaser signs this document the closer will be sure to disclose this ahead of time so that the document is not rejected at the courthouse which will delay recording AND, we don’t want that! This is the document that the purchaser signs giving the lender a beneficial interest in the property for the amount of the loan and the terms.
14. **MERS attachment to Deed of Trust** – This form is a “tracking” company the lender hires.
15. **Additional “riders” the lender may attach to the deed of trust based on the type of loan:**
  - a) Condominium Rider
  - b) Planned Unit Development Rider
  - c) Revocable Trust Rider
  - d) Growing Equity Rider

- e) Graduated Payment Rider
- f) Adjustable Rate Rider
- g) Non-Owner Occupied Rider
- h) Balloon Rider
- i) 1-4 Family Rider
- j) VA Rider
- k) Second Home Rider
- l) Biweekly Payment Rider

16. **First Payment Letter:** The lender will set out on this form when the first payment is, what the total amount is, what the amount will be if it is late and where it is remitted to. Attached to that is normally the payment coupon for payments 1 and 2.
17. **Address certification:** The purchaser signs and certifies that the address of the property is correct and where do they want the correspondence from the lender to be sent to. If the purchaser wants to use a PO Box or different address, this would be the form to put that information on.
18. **Initial Amortization Schedule.** This document shows the purchasers how much is applied to principal and interest each month of their loan for the entire term. Many of the first time homebuyers are very impressed with this form. Some even say they will hang it on the refrigerator to check off a payment each month and watch the balance go down!
19. **FACT Act Notice (Notice Regarding Furnishing Negative Information)** This form has a statement above the signature line that says:

*“In accordance with the implementation of the Fair and Accurate Credit Transactions Act of 2003, we are required to provide you the following statement as prescribed by Section 217:*

*We may report information about your account to Credit Bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.”*

20. **Initial Escrow Account Disclosure Statement:** This will set out what the reserve account will be for one year and how much will be collected towards the insurance, taxes or assessments. It shows the purchasers the monthly amount of their payment that goes into this “savings” account for them, and when there are amounts to be paid from this account and to whom.
21. **Notice to Borrower – Impound/Escrow Account:** This form explains what an “impound” is and how it works. And in cases where there is a choice, giving the borrower to right to opt out of having the lender impound account as part of their payment.

**22. Omitted Property Taxes and Voluntary Escrow Agreement:** This form must be signed by the purchasers when at the time of closing the property is assessed by the county as “unimproved property only”. This is a very important form for the purchasers to understand when purchasing a new construction home. The form says:

*“Whereas, purchasers names, is aware that the County of Spokane Washington may require payment of an additional amount of tax which represents the differences between the tax as now shown on the property and the tax which could be levied on the property had the Assessor assessed the property including the improvements, and that said difference may become a lien upon the property; and whereas, purchasers name inserted, having been fully informed in this regard, hereby agrees that any such assessment for improvements from new construction will create a shortage in the reserve account for taxes and insurance, and agrees to either enter into a voluntary escrow agreement to offset a shortage for tax assessments.”*

**23. Quality Control Release:** This document will inform the purchaser that the lender may contact the purchaser sometime in the future to ask how they did during the loan process. Were all their needs and questions answered?

**24. Borrower’s income certification:** Once again the purchaser will certify there have been no changes in income, debt or marital status since making application.

**25. Borrower ability to repay certification:** This is a disclosure from the lender that based on all the information that was obtained from the purchasers, and verified, the lender feels that they have the ability to repay the loan.

**26. Errors and omissions/compliance agreement:** This document says: *“If requested by Lender or Closing Agent for Lender, to fully cooperate and adjust for clerical errors, any or all loan closing documentation if deemed necessary or desirable in the reasonable discretion of Lender to enable Lender to sell, convey, seek guaranty or market said loan to any entity, including but not limited to an investor, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Federal Housing Authority, or the Department of Veterans Affairs, or any Municipal Bonding Authority.”*

**27. Correction agreement limited power of attorney:** This document states: *“The undersigned borrowers for and in consideration of the approval, closing and funding of their mortgage loan, hereby grants, the closing firm and the lender, limited power of attorney to correct and/or execute or initial all typographical errors discovered in any or all of the closing documentation required to be executed by the undersigned at settlement. In the event this limited power of attorney is exercised, the undersigned will be notified and receive a copy of the*

*document initialed on their behalf. This limited power of attorney may not be used to increase the interest rate nor change the term of the undersigned's loan, increase the undersigned's outstanding principal balance or increase the undersigned's monthly principal and interest payments."*

28. **Affiliated business arrangement disclosure statement:** In this document the lender will inform the purchaser if they have any business relationship with any provider of service to the borrower. The form states: *"There are frequently other settlement service providers available with similar services. You are free to shop around to determine that you are receiving the best services and the best rate for these services."*

29. **Borrower's contact information and certification of employment:** This form says:

*"This is to certify that I am currently employed at \_\_\_\_\_, in the position of \_\_\_\_\_. This is the same position originally disclosed. I certify that my income has not adversely changed since the time I applied for this mortgage loan. In addition, my overall financial condition remains unchanged."*

30. **Occupancy certification:** This document will state that it is the purchaser's intent to use this home as their primary residence and intent to occupy the home within a certain number of days.

31. **Acknowledgement of receipt of the HOME LOAN TOOL KIT -** This pamphlet is given to the purchasers at time of loan application. It is required by law.

32. **Equal Credit Opportunity Act Notice:** This form says:

*"The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); or because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act."*

33. **Occupancy Certificate:** In this document the purchaser will check the correct box that applies to them as follows:

- a. Primary Residence
- b. Second Home
- c. Investment Property

Further it says the following disclosure:

*"Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue*

*any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.”*

34. **Flood insurance certification:** This document will let the purchaser know if they are in a flood district or not. If they are they will have already been informed by the lender and flood insurance would be required.
35. **Flood insurance disclosure addendum :** This document says the following:  
*“Flood insurance coverage is subject to change disclosure: We may assign, sell, or transfer the servicing of your mortgage loan. Your new lender/servicer may require more flood insurance coverage than the minimum amount that has been identified in your Notice of Special Flood Hazards (NSFH). The new lender/servicer may require coverage in an amount greater than the minimum, and has the right to require flood coverage at least equal to 100% of the insurable value (also known as replacement cost value) of the building used as collateral to secure the loan or the maximum available.”*
36. **Signature affidavit:** The purchaser will sign their name as their “true and exact signature”. Sometimes, on the credit report the borrowers name is shortened or spelled wrong and this would be the time they would acknowledge that they are one and the same.
37. **Hazard insurance authorization:** This document sets out who the insurance agent is and what the coverage is and that they understand they must keep the property insured at all times or the lender will place their own insurance.
38. **Certificate of loans to one borrower:** This document is where the purchaser certifies that they have not signed any other paperwork at another lender’s office that would encumber the property they are purchasing.
39. **Appraisal acknowledged:** The purchaser will state that they received a copy of the appraisal prior to the signing appointment.
40. **Certification of conditions met:** This document will state that if there were any conditions, they have been met to the purchaser’s satisfaction prior to the signing appointment.
41. **Request for transcript of tax return 4506-T:** The purchaser will enter in their social security number and give permission for the lender to obtain a copy of a certain year’s tax returns in a specified amount of time if needed by the lender or a lender who will be assigned the servicing of the loan.
42. **Request for taxpayer ID W-9:** The purchaser will be required to certify that the social security number on the form is their number.
43. **Authorization for the Social Security Administration (SSA) to release social security number (SSN) verification:** In this form, the purchasers will verify that the lender has their social security number correct and then sign and date. The

purchasers are giving the SSA the authority to provide this proof to the lender when requested.

**44. Borrower's Certification & Authorization:** This is a three-part document.

- a) Certification
- b) Authorization to release information
- c) VA and FHA loans

**45. First Payment Due in Less than 30 Days:** I never could understand why a borrower has to sign this form with some lenders, not many. It states: *"I/we hereby acknowledge that my/our first payment on the loan referenced above is due in less than 30 days. I/we hereby certify that the first payment date will not create a financial hardship for me/us."*

**46. Fannie Mae Borrower Authorization for Counseling:** this form states:

*"If I fail to make any monthly mortgage payment as agreed, I understand that the servicer of my mortgage loan may refer me to a third-party counseling organization or a mortgage insurer, which will advise me about finding ways to meet my mortgage obligation. I hereby authorize the servicers to release certain information related to the servicer's own experience with me to such third-party counseling organization or mortgage insurer, and request that the counseling party contact me.*

*I further hereby authorize the third-party counseling organization or mortgage insurer to make a recommendation about appropriate action to take with regard to my mortgage loan, which may assist the servicer in determining whether to restructure my loan or to offer other extraordinary services that could preserve my long-term homeownership."*

**47. Notice to the home loan applicant:** This form will tell the purchaser which three credit reporting agencies were used to determine their credit score. It gives them the name of each of the three companies, address, phone number and website address. The credit score is typically not on this form.

**48. Nearest Living Relative Not Living With you:** For contact information only in the event the lender cannot reach the borrower, they need this information.

**49. Your credit score and the price you pay for credit:** Only a few lenders will have this form for each of the borrowers which discloses their credit score. As a closer, we prefer not to have this document in the signing packet as the client really doesn't want us to know this personal information.

**50. Demographic information of borrower:** The purpose of this form is the collecting of information to help ensure all the applicants are treated fairly. Federal law requires that lenders ask for the demographic information (ethnicity, sex, and race).

If the borrower chooses not to provide the information, and they made the loan application in person, Federal regulations require the lender to note the borrower's ethnicity, sex and race on the basis of visual observation or surname.

**51. Escrow Instructions from the lender:** Many times, the lender will want the purchaser to acknowledge the escrow instructions that were sent to the closer to prepare the documents.

## **ADDITIONAL FORMS THAT ARE REQUIRED BASED ON THE TYPE OF LOAN THE PURCHASERS HAVE CHOSEN:**

### **FHA:**

- 1. Federal collection policy notice:** *“The Federal Government is authorized by law to take any or all of the following actions in the event your VA guaranteed or VA-financed loan payments become delinquent or you default on your VA-guaranteed or VA-financed loan..... Then it lists all the items then the borrowers have a certification that says: I have read and I understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreement to purchase property with a VA-guaranteed or VA financed loan.*
- 2. HUD/VA Addendum to Uniform Residential Loan Application:** This form repeats all the loan terms for the borrower. It is 4 pages long. The borrower signs it twice on page 2 and once on page 4. On page 2 it provides for two areas. One is the borrowers consent for Social Security Administration to verify their social security information for the lender; the other one is the borrower acknowledging that they will occupy the home within 60 days of signing the security agreement, and that the statement of appraised value was \$\_\_\_\_\_. Then, on page 4 they are certifying that they have no other outstanding obligations since making application, once again that they intend to occupy the property within 60 days, and finally all fees being paid by them are their own funds, gift funds or acceptable down payment assistant program funds, and not borrowed.
- 3. Broker/Agent Certification** - Same as under the seller's documents.
- 4. Important Notice to homebuyer** -This is the HUD-92900-B form that so many other forms refer to. It starts out with a paragraph that says: *“You must read this*



*entire document at the time you apply for this loan. Return one copy to mortgagee as proof of notification and keep one copy for your records. “So we know that the borrower got a copy of this when they made application, but they get it again at the signing appointment.*

5. **FHA Appraisal certificate** -*“I/we the undersigned certify that I/we have been provided with a copy of the appraisal and copy of the Conditional Commitment form HUD92800.5B.”*
6. **FHA Amendatory Clause** - Same as the sellers. This is the document the purchaser, seller, listing agent and selling agent must sign. There are three warning signs on this form:
  - a. *I, the undersigned, hereby certify that I did not receive a copy of Form HUD-92800.5B, Conditional Commitment/DE Statement of Appraised Value, prior to my signing the sales contract to purchase the property.*
  - b. *Then, the next paragraph has the appraised value listed and says: The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation.*
  - c. **Warning:** *“whoever for purposes of....influencing such Administration....makes, passes, utters, or publishes any statement, knowing the same to be false....shall be fined not more than \$5,000,00 or imprisoned not more than two years or both.”*
7. **Mortgagor’s Affidavit-** In this form, there are 11 items of which most of the paragraphs are repeats of what has been covered many times in other documents that have been signed. Above the signature line in bold print is a paragraph that states: *Mortgagor understands and agrees that all of the representations, warranties and covenants in this affidavit are required by lender, and are considered by lender to be essential to the closing and funding of this loan; and that any inaccuracy or omission in the statements above, or any failure by mortgagor to perform all promises set forth above, shall be considered a breach and default of the loan, and shall give rise to all the lender’s remedies otherwise available in the event of a breach or default of the loan.*
8. **Settlement Certification:** Both purchaser and seller must sign this document. I really don’t think either of the parties pays attention to what this document is saying. Here goes: *“I certify that I have no knowledge of any loans that have been or will be made to me (us) or loans that have been or will be assumed by me (us) for*

*purchase of financing this transaction, other than those described in the sales contract dated \_\_\_\_\_ (including addenda). I certify that I (we) have not been paid or reimbursed for any of the cash down payment. I certify that I (we) have not and will not receive any payment or reimbursement for any of my (our) closing costs which have not been previously disclosed in the sales contract (including addenda) and/or my application for mortgage insurance submitted to my (our) mortgage lender.”*

## **VA:**

- 1. VA Amendment to Sales Contract:** This is the form that has the “escape clause” as follows: *“It is expressly agreed that, notwithstanding any other provisions of this contract, the purchaser shall not incur any penalty by forfeiture of earnest money or otherwise or be obligated to complete the purchase of the property described herein, if the contract purchase price or cost exceeds the reasonable value of the property established by the Department of Veterans Affairs. The purchaser shall, however, have the privilege and option of proceeding with the consummation of this contract without regard to the amount of reasonable value established by the Department of Veterans Affairs.*
- 2. Department of Veterans Affairs Report and Certification of Loan Disbursement:** This document is a form that first has instructions to the lender, then to the borrower: *“Respondent burden: We need this information to confirm that the lender has closed the loan in compliance with all applicable VA laws and regulations and the veteran has entered into the loan with an understanding of all relevant requirements and responsibilities. Title 38, United States Code, allows us to ask for this information. We estimate that you will need an average of 15 minutes to review the instructions, find the information, and complete this form. VA cannot conduct or sponsor a collection of information unless a valid OMB control number is displayed. You are not required to respond to a collection of information if this number is not displayed. Valid OMB control numbers can be located on the OMB Internet page at [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain). If desired, you can call 1-800-827-1000 to get information on where to send comments or suggestions about the form.*

- 3. HUD/VA Addendum to Uniform Residential Loan Application.** This is a dual form for either FHA or VA
- 4. Federal collection policy notice:** *“The Federal Government is authorized by law to take any or all of the following actions in the event your VA guaranteed or VA-financed loan payments become delinquent or you default on your VA-guaranteed or VA-financed loan..... Then it lists all the items then the borrowers have a certification that says: I have read and I understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreement to purchase property with a VA-guaranteed or VA financed loan.*
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## **CONVENTIONAL:**

- 1. Private Mortgage Insurance Disclosure and Agreement** This document tells the borrower the conditions of PMI. It lists the conditions the borrower must comply with in order to have the PMI portion of the payment deleted.
- 2. Private Mortgage Insurance Cancellation /Termination Data Sheet.** This document gives the borrower dates in which the lender projects the borrower will have the actual dates listed when the first time the borrower can request termination; the date the PMI will automatically terminate;
- 3. Private Mortgage Insurance Disclosure Fixed Rate Mortgage:** This document repeats what the lender informed the borrower when they made application on the termination dates.

## **SOMETIMES, THESE FHA OR VA FORMS CAN BE A PROBLEM.....**

Especially when the real estate listing or buyer broker does not attend the closing and the closer receives the loan documents only moments before the clients signing appointment AND it's a same day signing/funding/recording. Then, the closer needs to contact the agent and arrange for the agent to come in and sign those needed documents or email it to them, have them sign and scan back to either the closer or the lender, to avoid delaying funding.

## **The closer has numerous forms to complete and sign too!**

- 1. USA Patriot Act Disclosure Borrower Identification:** This is the form that the closer completes based on the identification documents he/she obtained from the borrower. It states: *“To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.*

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*What that means for you: When you open an account, we will ask for your name, address, date of birth and other identification that will allow us to identify you. We may also ask to see your driver's license or other identifying documents."*

- 2. Tax Record Information Sheet:** This form comes with all loan packages and the closer must complete it with information on the taxes and what the name and address of our taxing authority is.
- 3. Closing Instructions:** The lenders instructions are between 2 pages and as much as 15! Typically, besides all the various instructions, they have a disclosure that says: *"The lender will provide all necessary borrower Closing Disclosures associated with this transaction. The Closing Agent must not provide a separate copy of a Borrower Closing Disclosure under any circumstances. Any revisions to fees, including credits, must be provided to lender for approval prior to proceeding with consummation. For purchase transactions, closing agent must provide lender with fully-executed seller's closings disclosure with the closing package."*

# Quiz for “The Signing Appointment”

<b>1</b>	“LPO” stands for Limited Practice Officer	<b>True</b>	<b>False</b>
<b>2</b>	Washington is the only state that has Limited Practice Officers	<b>True</b>	<b>False</b>
<b>3</b>	A “courtesy signing” is typically paid for by the listing agent.	<b>True</b>	<b>False</b>
<b>4</b>	There are various identifications that are acceptable to a notary.	<b>True</b>	<b>False</b>
<b>5</b>	The Lender always generates both the purchasers and sellers CD.	<b>True</b>	<b>False</b>
<b>6</b>	The Excise tax affidavit contains 8 sections that must be fully completed.	<b>True</b>	<b>False</b>
<b>7</b>	The seller must furnish his/her social security number at closing on forms.	<b>True</b>	<b>False</b>
<b>8</b>	The seller will have additional documents to sign for VA/FHA loans.	<b>True</b>	<b>False</b>
<b>9</b>	It is a Federal rule that the purchaser receives the CD three (3) days prior to the signing appointment.	<b>True</b>	<b>False</b>
<b>10</b>	The purchaser may sign more than one closing statement.	<b>True</b>	<b>False</b>
<b>11</b>	Purchasers must also sign the warranty deed at the signing appointment.	<b>True</b>	<b>False</b>
<b>12</b>	The loan application is commonly known in the industry as the “1003”.	<b>True</b>	<b>False</b>
<b>13</b>	MERS stands for Mortgage Electronic Registration System.	<b>True</b>	<b>False</b>
<b>14</b>	There are many types of “riders” that can be attached to the warranty deed.	<b>True</b>	<b>False</b>
<b>15</b>	Impound account is also known as a reserve account.	<b>True</b>	<b>False</b>
<b>16</b>	Each borrower is given a copy of “The Home Loan Tool Kit”.	<b>True</b>	<b>False</b>
<b>17</b>	The purchaser will sign a document that states they have not seen the appraisal report yet.	<b>True</b>	<b>False</b>
<b>18</b>	Numerous documents require purchaser to verify his/her social security number.	<b>True</b>	<b>False</b>
<b>19</b>	If a purchaser does not make their payments in time, there is a document they sign at the signing appointment that says they agreed to counseling.	<b>True</b>	<b>False</b>
<b>20</b>	The purchasers signing appointment typically takes approximately 45 minutes.	<b>True</b>	<b>False</b>

**I hereby attest that I have read the material and answered the questions.**

\_\_\_\_\_

Signature

\_\_\_\_\_

Date completed



**Mandatory Evaluation for**

**THE SIGNING APPOINTMENT AND ALL THOSE DOCUMENTS!**

Please fill out the following form and return with your completed clock hour class quiz.

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone: (personal) \_\_\_\_\_ (work) \_\_\_\_\_

Email: \_\_\_\_\_

License Renewal Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

1. What are 3 things that you learned from this course?

- 1. \_\_\_\_\_
- 2. \_\_\_\_\_
- 3. \_\_\_\_\_

2. Do you feel the clock hour material was easy to follow? \_\_\_\_\_

3. Did the material give you information to help you in your profession? \_\_\_\_\_

4. Will the material help you with future transactions? \_\_\_\_\_

5. Why did you choose to take this course? Topic \_\_\_ Time \_\_\_ Cost \_\_\_ Ease \_\_\_ Other \_\_\_

6. How long did this class take you to complete? \_\_\_\_\_ (a "clock hour" is 50 minute)

**How will you pay for this correspondence class?**

\_\_\_\_\_ cash \_\_\_\_\_ check \_\_\_\_\_ debit/credit information needed:

Card number \_\_\_\_\_ exp date \_\_\_\_\_

3 digits on back \_\_\_\_\_ zip code of where bill is mailed \_\_\_\_\_